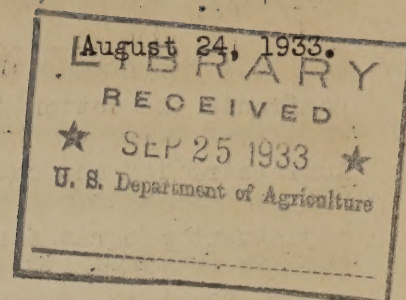


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REVIEW SHOWS FARM PROGRAMS
UNDER ADJUSTMENT ACT

Pledged to lift the national economic emergency by increasing agricultural purchasing power, the Agricultural Adjustment Act is proving to be a source of new hope for millions engaged in this Nation's farming industry.

Less than three and one-half months since the passage of this Act, millions of dollars are flowing into the hands of the country's farmers through the activities of the Agricultural Adjustment Administration. In the move to readjust agriculture in accordance with the purposes of the Agricultural Adjustment Act, production adjustment programs for cotton, tobacco, wheat, hogs, and milk have already been put into effect.

Programs for sugar, rice, and special crops, which are not listed as basic commodities in the Act, will be put into force in the near future.

Processing and marketing agreements covering the leading phases of American agriculture and the distribution of all foodstuffs, are under consideration. They are designed to correct existing evils and to bring about higher returns for products purchased from farmers.

The operation of the Agricultural Adjustment Act has been facilitated by an Executive order issued June 26, which coordinates the work of the Agricultural Adjustment Administration with that of the National Recovery Administration, on adjusting the marketing and handling of all foodstuffs.

The Agricultural Adjustment Administration is organized in four operating

divisions. These are production, processing and marketing, finance, and information and publicity. Operations designed to bring production into balance with demand come under the production division and are centered in commodity sections. The processing and marketing division operates in close relationship with the production division. Some sections such as the dairying, tobacco, rice, special crops, and food products, conduct both production and processing and marketing activities. The interests of the consumer are safeguarded by the consumer's counsel.

One of the Agricultural Adjustment Administration's major production adjustment programs is the cotton program, nearing completion for this year.

Approximately 1,031,000 contracts for cotton reduction in sixteen States have been signed, involving 10,304,000 acres of cotton land and reducing this year's crop from a potential yield of 16,560,000 bales to 12,300,000 bales. The reduction of 4,260,000 bales of cotton in this year's crop is an estimate by the Crop Reporting Board of the Department of Agriculture; accurate figures will be available as soon as all of the contracts have been summarized.

The Administration is now sending out checks to cotton growers as rapidly as certificates of performance are received from producers. To date more than 100,000 of these certificates have been received, and others are coming in by every mail.

Payments to cotton growers for reducing their production will amount to around \$110,000,000. These payments are expected to be completed before the middle of September. Money necessary to make them is being obtained through a processing tax on cotton.

Despite the marked reduction in this year's cotton crop brought about by the program of the Administration's cotton section, a serious surplus situation still confronts the cotton-growing industry. Attention of the Agricultural Adjustment Administration and cotton interests is being turned to the development of a cotton-adjustment program for 1934 and 1935.

Since the formation of the wheat section, a plan for making the Agricultural

Adjustment Act effective for wheat growers has been submitted to the Agricultural Adjustment Administration by growers' cooperatives, and has been adopted with slight changes. In cooperation with the Federal Extension Service, the Administration has practically completed a thorough educational program preparatory to offering the plan to farmers.

The wheat plan offers growers adjustment payments sufficient to bring the return to the growers to parity on the domestically consumed portion of the crop, which pays a processing tax. The processing tax of 30 cents per bushel provides the funds with which to pay the adjustment payments. The total payment to growers in 1933 is estimated at about \$125,000,000.

In return for the payments, farmers must sign contracts agreeing to reduce acreage of their 1934 and 1935 wheat crops by a percentage specified by the Secretary of Agriculture.

The wheat plan provides for decentralized administration, with farmers themselves forming county organizations to make wheat acreage allotments and to perform other duties in connection with the plan.

Marketing and processing agreements for handlers of wheat are being drafted by the different interests. These are designed to establish fair practices and provide for orderly and effective handling of wheat in the interests of both producer and consumer.

Aiming to alleviate the distress in the Nation's dairy industry, the Agricultural Adjustment Administration, through the dairy section, has centered its work on milk shed and national milk marketing agreements. The agreements are mainly designed to do away with cut-throat competition which has resulted in ruinous prices to producers. Harmony between distributors or processors and producers is encouraged through these agreements. Exorbitant distributing margins and unfair prices to consumers are guarded against. A ban is placed on secret, unfair, and discriminatory trade practices.

Hearings on agreements for the following city milk sheds have already been held: Chicago, Atlanta, Philadelphia, Detroit, Evansville, Los Angeles, San Diego, San Francisco, Alameda County, Kansas City, Baltimore, St. Paul and Minneapolis, Boston, Louisville, Charlotte, Florida State, New Orleans, Knoxville, and Providence.

Hearings on national agreements among manufacturers of evaporated milk, dry skim milk, and ice cream have been held.

The first milk marketing agreement to be put into effect was that for the Chicago milk shed. The agreement became effective August 1, and provides for licensing all distributors.

Marketing agreements for other milk sheds, and for the evaporated milk industry, will follow.

Officials of the dairy section and representatives of dairying interests are investigating the possibility of a national program for the whole dairy industry. They assert that such a program is necessary for coordination of production and marketing operations to bring greater advantages to producers and consumers. It has been pointed out that the dairy industry, as now constituted, resembles a patch-work quilt with each individual market considering itself a complete entity.

Dairy leaders have pointed out the relationship between individual markets and have expressed the opinion that a national program for the dairy industry is needed in order to effectively establish the relationship and to bring about a proper balance of supply and demand so that the farmer may receive a fairer share of each dollar spent for milk.

The Adjustment Administration is working on a program for adjusting the corn and hog industries. The corn-hog section has held conferences with representatives of producers and packers. The conferences with packer representatives were for the purpose of specifying provisions of a proposed marketing agreement which the packers are developing and will submit within the next few weeks.

An emergency program to reduce potential marketings of hogs during the coming year by a maximum of two billion pounds has been launched. Immediate purchase of not more than four million pigs and one million sows that are soon to farrow, during a six weeks period ending about October 1, is the method.

These hogs are to be processed in the usual manner and edible meat from them is to be marketed at moderate prices to the Unemployment Relief Administration, to feed destitute people. The rest of the meat is to be converted into tankage and grease, to be marketed outside the trade. A processing tax of about one-half cent a pound is to finance this emergency program.

With serious over-supply depressing the cigar-leaf tobacco industry, the tobacco section of the Agricultural Adjustment Administration, at the request of growers, has inaugurated a program to adjust production to requirements. Contracts with growers have been signed in the New England, Pennsylvania-New York, Ohio-Indiana, Wisconsin-Minnesota, and Georgia-Florida districts. Payments are made to growers on the basis of specified performance, in reducing their production. In all districts, except the Georgia-Florida district, growers are required to reduce this year's acreage by 50 percent under their base acreage grown last year.

In the Georgia-Florida district the growers were required to leave unharvested a portion of their crop. The program in this area has been completed and a 23 percent reduction has been effected in the district.

In the agreements signed this year the Secretary of Agriculture was given the privilege of requiring growers to limit production in 1934 and 1935, if conditions require further adjustment.

While the cigar-leaf program has not been completed, approximately three-quarters of the growers have already signed agreements. If all growers sign, about \$3,500,000 will be paid to them. The money necessary for making these payments will be derived from a processing tax on all cigar-leaf tobacco manufactured for domestic consumption.

Officials of the tobacco section have conferred with growers of flue-cured tobacco on the possibility of action to improve prices. The growers suggested that a production-adjustment program be inaugurated for the next crop year and a processing tax be levied on this type of tobacco, the revenue to be used to make payments to growers who agree to reduce their production as may be required. A conference has also been held with Burley tobacco growers.

In order to aid a number of producers of commodities that are not designated in the Act as basic, the special crops section of the Agricultural Adjustment Administration is working out marketing agreements for these commodities. The Adjustment Act contains no provisions for direct control of the production of these commodities, but production adjustments are possible through the control of marketing arrangements.

A marketing agreement covering the California cling peach industry has been made effective. This agreement, which assures growers \$20 a ton, or its equivalent, for their entire No. 1 crop, was signed by nearly 40 canning companies representing more than 80 percent of the volume of the peach pack. Licensing of all the canning companies handling the cling peach crop was a provision of the agreement.

Efforts are being devoted to making several other agreements effective in time for this year's crop of fruit.

While marketing agreements are being drafted, the special crops section is cooperating in a campaign to bring about increased prices for producers of canning crops through voluntary action of canners and distributors. The first efforts in this direction dealt particularly with tomatoes for canning.

In response to growers' appeals for aid because of low prices and increasing production costs, the Agricultural Adjustment Administration requested tomato canners to increase prices to growers over the amount stated in contracts by 25 percent. This increase would add around \$2,000,000 to the purchasing power of the growers. In order that canning companies might not suffer by reason of their forward contracts with wholesale and chain store companies, the Administration has requested the lat-

ter to cooperate by consenting to upward revision of these contracts. Thus far, canners and distributors have been virtually unanimous in pledging their cooperation. Similar action was taken on behalf of sweet corn growers with the result that their incomes this year will be increased by about \$750,000.

A food products section of the Administration, just established, is dealing with processed foods of various kinds. At numerous informal conferences consideration has been given to codes submitted by the oyster industry, the mackerel fishing industry and the spice-grinding industry.

An agreement of sugar interests to correlate production with consumption has been completed and submitted to the Secretary. In response to requests of sugar-producing interests the first conference was held in Washington on June 27. At that time a committee of eight was appointed by the various groups to draw up a tentative marketing agreement. The committee was composed of representatives from the sugar-beet-producing areas in the United States, the sugar-beet processors, Louisiana cane interests, domestic cane sugar refiners, Hawaii, Puerto Rico, and the Philippine Islands. The ex officio chairman was Dr. John Lee Coulter, sugar coordinator.

Consumption of sugar in the continental United States, for the year ending June 30, 1934, is estimated to be about 6,550,000 short tons, raw value, while the domestic market is expected to have at its disposition during the same period about 7,500,000 short tons. The agreement will provide for production allotments in the various sugar producing areas to adjust production to demand.

In order to provide for a systematic attack on the problem of uses of land taken out of production through the production adjustment programs, the crops-replacement section of the Agricultural Adjustment Administration has been set up to promote land uses which will not adversely affect prices of the cash crops of agriculture.

The task of the crops-replacement section is to assist farmers in shifting production from surplus basic commodities to other crops, and thus attain a better balance in agricultural production. The main problem confronting this section involves the use of idle land where crop acreage reduction has taken place or is contemplated. Studies are being made to determine what crops can be grown on lands shifted from the production of basic agricultural commodities.

